



Catastrophic Disability

Initial Consideration

**WASHINGTON STATE
Law Enforcement Officers' and Fire Fighters'
Plan 2 Retirement Board**

July 27, 2005

Current Disability Provisions

- “Total incapacitation” for further duty as a police officer or firefighter
- Duty disability receives full earned benefit
 - Benefit actuarially reduced for non-duty
- 10% minimum benefit for duty disabilities

Policy Discussion

- Establish a special benefit for extreme disabilities
 - Create a higher disability standard and correspondingly higher level of benefits
 - Member not capable of any substantial future employment
 - Allow for favorable tax treatment

2005 Disability Legislation

- Senate Bill 5615
- Two duty disability provisions
 - Occupational Disability
 - Total Disability
- Amended bill passed
 - Total disability provision removed
 - Questions on integration with Workers' Compensation and eligibility

Total Disability

- Totally disabled in the line of duty
- Can't perform substantial gainful activity
 - Average earnings no more than \$810/mo
- Expected to result in death or last at least twelve months
- Tax free benefit 70% of FAS

Benefit Eligibility

- Policy mirrors Social Security disability standard
- Can't do previous work, can't adapt to new work
- Can't perform Substantial Gainful Activity
- Expected to result in death or last 12 months

Benefit Eligibility

- Substantial Gainful Activity (SGA)
- Earnings Test
 - \$830 average monthly earnings in 2005
 - \$810 in 2004
- SGA adjusted annually

Benefit Eligibility

- 12 month duration expectation
 - Member does not have to wait 12 months to receive benefits
- Benefits cease if member no longer disabled or breach SGA
- Benefits cease when member dies unless survivor option elected at retirement

Benefit Integration

- Integration policy establishes income replacement level from multiple sources
- Offset - One program deducts some or all of payments from another program
- Minimize duplication

Benefit Integration

Workers' Compensation

- Pays 60 to 75% benefit
- Does not offset for state pension
- Offset for Social Security
 - 80% Average Current Earnings

Benefit Integration

Social Security

- Average monthly disability benefit \$968 (2004)
- Only 40% rate of approval
- Offset for Workers' Compensation and non-duty disability benefits

Benefit Integration

Public Safety Officers' Benefit (PSOB)

- \$275,658 lump sum payment
- Offset for Workers' Compensation
 - Offset for lump sum awards
 - No offset for periodic payments

Benefit Integration

Fish & Wildlife Enforcement Officer

- Relieved from duty for duty related injury
- Receive 50% of salary while relieved
- No offset for LEOFF Plan 2
- Offset for PERS 1 duty disability and workers' compensation

Questions?